

TOWN OF NOMA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012

TOWN OF NOMA

TABLE OF CONTENTS

Page No.

INDEPENDENT AUDITORS' REPORT1

MANAGEMENT'S DISCUSSION AND ANALYSIS3

GOVERNMENT-WIDE FINANCIAL STATEMENTS

 Statement of Net Assets10

 Statement of Activities.....11

GOVERNMENTAL FUND FINANCIAL STATEMENTS

 Balance Sheet.....12

 Reconciliation of the Governmental Funds Balance Sheet to the Statement
 of Net Assets13

 Statement of Revenues, Expenditures, and Changes in Fund Balance.....14

 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures, and Changes in Fund Balances to the Statement of
 Activities15

PROPRIETARY FUND FINANCIAL STATEMENTS

 Statement of Net Assets – Business-Type Activities - Enterprise Funds16

 Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Business-Type Activities - Enterprise Funds.....17

 Statement of Cash Flows - Business-Type Activities - Enterprise Funds18

NOTES TO FINANCIAL STATEMENTS19

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***.....26

MANAGEMENT LETTER.....28



**Ferguson, Sizemore
& Associates**

CERTIFIED PUBLIC ACCOUNTANTS

1467 Honeysuckle Road

Dothan, AL 36305

Phone: 334.792.1180

Fax: 334.794.3380

www.fsacpa.com

INDEPENDENT AUDITORS' REPORT

To the Mayor and Town Council of
The Town of Noma, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Noma, as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Noma's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Noma, as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



America Counts on CPAs®

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Ferguson Sizemore & Associates
Dothan, Alabama
August 28, 2013

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Town of Noma’s (the “Town”) discussion and analysis is a narrative overview designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town’s financial activity, (c) identify changes in the Town’s financial position (revealing the ability to address future challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The Management’s Discussion and Analysis (MD&A) focuses on the activities of the Town for the fiscal year ended September 30, 2012. Please consider the information in this MD&A in conjunction with the transmittal letter at the front of this report and the Town’s financial statements.

Financial Highlights

During the audit period, the Town received state grant funds used for the purpose of making town hall as well as sewer system improvements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the Town’s finances, in a manner to resemble private-sector business. In these statements, all governmental and business-type activities are consolidated into columns, which are added to a total for the Town or primary government.

The statement of net assets (the “Unrestricted Net Assets”) presents information on all of the Town’s assets and liabilities, with the difference between the two reported as net assets. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term debt. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information focused on both gross and net costs and shows how the Town’s net assets changed during the most recent fiscal year. This is intended to summarize and simplify the user’s analysis of cost of various governmental services and/or subsidy to various business-type activities. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to typically recover all or a significant portion of the cost of operation, including depreciation, through user fees and charges for services (business-type activities). The governmental activities of the Town include general government, public safety, streets and highways, culture, and recreation. The business-type activities of the Town reflect private sector type operations (water and garbage).

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. This focus is on major funds, rather than (the previous model's statements prior to implementation of GASB 34 in fiscal year 2003) fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental, proprietary, and fiduciary are the three categories of fund types.

The fund financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental major fund is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources.

The Town maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Town maintains separate proprietary funds for water and sewer services. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. While the total column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the difference measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds and interfund transfers as other financial sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column (in the government-wide statements).

Notes to the Financial Statements. The notes provided in this report convey additional essential information that will magnify the understanding of data in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Town's net assets increased by \$412,260 during the audit period. Management will continue to monitor net assets because the variance is a useful indicator of the Town's financial position.

The following table reflects the condensed Statement of Net Assets compared to prior year.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2012	2011	2012	2011	2012	2011
Current assets	\$ (17,240)	\$ 7,906	\$ (1,844)	\$ 12,538	\$ (19,084)	\$ 20,444
Capital assets	779,331	633,124	1,527,767	1,202,188	2,307,098	1,835,312
Total assets	<u>762,091</u>	<u>641,030</u>	<u>1,525,923</u>	<u>1,214,726</u>	<u>2,288,014</u>	<u>1,855,756</u>
Current liabilities	5,829	5,829	5,882	5,881	11,711	11,710
Long-term liabilities	49,265	29,268	41,722	41,722	90,987	70,990
Total liabilities	<u>55,094</u>	<u>35,097</u>	<u>47,604</u>	<u>47,603</u>	<u>102,698</u>	<u>82,700</u>
Net assets:						
Investment in capital	730,066	603,856	1,486,045	1,160,466	2,216,111	1,764,322
Restricted	-	-	12,060	9,250	12,060	9,250
Unrestricted	(23,069)	2,077	(19,786)	(2,593)	(42,855)	(516)
Total net assets	<u>\$ 706,997</u>	<u>\$ 605,933</u>	<u>\$ 1,478,319</u>	<u>\$ 1,167,123</u>	<u>\$ 2,185,316</u>	<u>\$ 1,773,056</u>

By far the largest portion of the Town's net assets reflects the total investment in capital assets (e.g. land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens. These assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities. The remaining balance of *unrestricted*

net assets may be used to meet the government's ongoing obligations to citizens and creditors.

Normal Impacts Affecting the Statement of Net Assets

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-Borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets Through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

The government's net assets increased by \$412,260 during the current fiscal year. This increase resulted primarily from intergovernmental grants received during the year.

While the results of operations is a significant measure of the Town's activities, the explanation of changes in unrestricted net assets provides a clear measure of change in the Town's financial position.

Statement of Activities

The following schedule compares the revenues and expenses for the current and previous year.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Charges for services	\$ -	\$ -	\$ 52,075	\$ 42,013	\$ 52,075	\$ 42,013
Capital grants	469,676	327,833	-	-	469,676	327,833
General revenue:						
Property taxes	1,726	1,790	-	-	1,726	1,790
Revenue sharing	16,739	15,789	-	-	16,739	15,789
Other taxes	31,293	34,903	-	-	31,293	34,903
Miscellaneous	4,223	2,355	-	-	4,223	2,355
	<u>523,657</u>	<u>382,670</u>	<u>52,075</u>	<u>42,013</u>	<u>575,732</u>	<u>424,683</u>
Expenses:						
Governmental activities						
General government	76,428	75,898	-	-	76,428	75,898
Interest	1,940	1,393	-	-	1,940	1,393
Business-type activities						
Water department	-	-	57,968	57,805	57,968	57,805
Sewer department	-	-	27,136	15,554	27,136	15,554
	<u>78,368</u>	<u>77,291</u>	<u>85,104</u>	<u>73,359</u>	<u>163,472</u>	<u>150,650</u>
Transfers	<u>(344,225)</u>	<u>(292,348)</u>	<u>344,225</u>	<u>292,348</u>	<u>-</u>	<u>-</u>
Net increase	<u>\$ 101,064</u>	<u>\$ 13,031</u>	<u>\$ 311,196</u>	<u>\$ 261,002</u>	<u>\$ 412,260</u>	<u>\$ 274,033</u>

Business-type activities increased the Town's net assets a total of \$311,196 during the audit period.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$23,069 (deficit). Of this total fund balance, \$23,069 (deficit) constitutes the *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$23,069 (deficit), while total fund balance was also \$23,069 (deficit). As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. This is very useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of year end are given in the table below. This investment in capital assets includes land, buildings, park improvements, water and sewer system improvements, machinery and equipment. The increase in the Town's investment in capital assets for the audit period is primarily due to sewer system grant funds and town hall renovation grant funds received.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 5,000
Buildings	299,566	125,000	-	-	299,566	125,000
Water system	-	-	449,969	449,969	449,969	449,969
Sewer system	-	-	1,367,935	1,004,478	1,367,935	1,004,478
Park improvements	644,344	644,344	-	-	644,344	644,344
Office equipment	10,367	10,367	-	-	10,367	10,367
	<u>\$ 959,277</u>	<u>\$ 784,711</u>	<u>\$ 1,817,904</u>	<u>\$ 1,454,447</u>	<u>\$ 2,777,181</u>	<u>\$ 2,239,158</u>

Debt Outstanding

As of fiscal year ends, the Town's outstanding was as follows:

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2012	2011	2012	2011	2012	2011
Bonds payable	\$ -	\$ -	\$ 41,722	\$ 41,722	\$ 41,722	\$ 41,722
Notes payable	49,265	29,268	-	-	49,265	29,268
	<u>\$ 49,265</u>	<u>\$ 29,268</u>	<u>\$ 41,722</u>	<u>\$ 41,722</u>	<u>\$ 90,987</u>	<u>\$ 70,990</u>

Economic Factors

The Town relies on taxes (sales, property, gasoline, franchise, etc.) and fees (licenses, permits, etc.) for its governmental activities. The primary source of revenue is state revenue sharing. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both state and federal governments.

In the business-type and certain governmental activities (water fees), the user pays a related fee or charge associated with the service.

The level of taxes, fees, and charges for services have a direct bearing on the Town's ability to (a) annex additional land into its corporate limits and (b) encourage development to choose to be located in the Town's jurisdiction

Financial Information Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact the Town Clerk at 3467 Skipper Avenue, Noma, Florida.

TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ (17,240)	\$ (1,844)	\$ (19,084)
Capital assets			
Land	5,000	-	5,000
Buildings and improvements	299,566	-	299,566
Water and sewer system	-	1,817,904	1,817,904
Park improvements	644,344	-	644,344
Office equipment	10,367	-	10,367
Accumulated depreciation	(179,946)	(290,137)	(470,083)
Total capital assets	779,331	1,527,767	2,307,098
Total assets	762,091	1,525,923	2,288,014
LIABILITIES			
Accounts payable and accrued expenses	5,829	1,832	7,661
Customer deposits	-	4,050	4,050
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	-	8,010	8,010
Notes payable	29,382	-	29,382
Portion due or payable after one year			
Bonds payable	-	33,712	33,712
Notes payable	19,883	-	19,883
Total liabilities	55,094	47,604	102,698
NET ASSETS			
Investment in capital assets, net of related debt	730,066	1,486,045	2,216,111
Restricted for:			
Debt service	-	8,010	8,010
Customer deposits	-	4,050	4,050
Unrestricted	(23,069)	(19,786)	(42,855)
Total net assets	\$ 706,997	\$ 1,478,319	\$ 2,185,316

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental:						
General government	\$ 76,428	\$ -	\$ 469,676	\$ 393,248	\$ -	\$ 393,248
Interest and fiscal charges	1,940	-	-	(1,940)	-	(1,940)
Total governmental activities	78,368	-	469,676	391,308		391,308
Business-type:						
Water	57,968	52,075	-	-	(5,893)	(5,893)
Sewer	27,136	-	-	-	(27,136)	(27,136)
Total business-type activities	85,104	52,075	-	-	(33,029)	(33,029)
Total Town of Noma	<u>\$ 163,472</u>	<u>\$ 52,075</u>	<u>\$ 469,676</u>	<u>391,308</u>	<u>(33,029)</u>	<u>358,279</u>
General revenues:						
Taxes:						
Property taxes				1,726	-	1,726
Revenue sharing				16,739	-	16,739
Other taxes				31,293	-	31,293
Miscellaneous				4,223	-	4,223
Transfers				(344,225)	344,225	-
Total general revenues and transfers				(290,244)	344,225	53,981
Change in net assets				101,064	311,196	412,260
Net assets - beginning				<u>605,933</u>	<u>1,167,123</u>	<u>1,773,056</u>
Net assets - ending				<u>\$ 706,997</u>	<u>\$ 1,478,319</u>	<u>\$ 2,185,316</u>

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

	<u>General Fund</u>	<u>Total</u>
ASSETS		
Cash	<u>\$ (17,240)</u>	<u>\$ (17,240)</u>
Total assets	<u>(17,240)</u>	<u>(17,240)</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>5,829</u>	<u>5,829</u>
Total liabilities	5,829	5,829
FUND BALANCES		
Unassigned	<u>(23,069)</u>	<u>(23,069)</u>
Total fund balances	<u>(23,069)</u>	<u>(23,069)</u>
Total liabilities and fund balances	<u>\$ (17,240)</u>	<u>\$ (17,240)</u>

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

Total fund balances for governmental funds \$ (23,069)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 5,000	
Buildings and improvements	299,566	
Park improvements	644,344	
Office equipment	10,367	
Accumulated depreciation	<u>(179,946)</u>	779,331

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances as of year end are:

Notes payable		<u>(49,265)</u>
---------------	--	-----------------

Total net assets of governmental activities \$ 706,997

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	General Fund	Total
	<u> </u>	<u> </u>
REVENUES		
Property taxes	\$ 1,726	\$ 1,726
Excise taxes	10,154	10,154
Other taxes	21,139	21,139
Revenue sharing	16,739	16,739
Intergovernmental revenue	469,676	469,676
Miscellaneous income	4,223	4,223
	<u>523,657</u>	<u>523,657</u>
EXPENDITURES		
Current:		
General government	48,069	48,069
Debt service:		
Principal payments	88,081	88,081
Interest and fiscal charges	1,940	1,940
Capital outlay	174,566	174,566
	<u>312,656</u>	<u>312,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>211,001</u>	<u>211,001</u>
OTHER FINANCING SOURCES (USES)		
Loan proceeds	<u>108,078</u>	<u>108,078</u>
Total other financing sources (uses)	<u>108,078</u>	<u>108,078</u>
Transfers	(344,225)	(344,225)
Net change in fund balances	(25,146)	(25,146)
Fund balances - beginning	<u>2,077</u>	<u>2,077</u>
Fund balances - ending	<u>\$ (23,069)</u>	<u>\$ (23,069)</u>

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

Net changes in fund balances - total governmental funds	\$ (25,146)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These differences are reflected as follows:</p>	
Capital outlay	174,566
Depreciation expense	(28,359)
Borrowings of long-term debt is a revenue in the governmental funds but increases the liability in the statement of net assets	(108,078)
Repayment of long-term debt principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets	<u>88,081</u>
Change in net assets	<u><u>\$ 101,064</u></u>

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash	\$ (1,844)	\$ -	\$ (1,844)
Total current assets	<u>(1,844)</u>	<u>-</u>	<u>(1,844)</u>
Non-Current Assets			
Capital assets			
Water and sewer system	452,408	1,365,496	1,817,904
Accumulated depreciation	<u>(182,742)</u>	<u>(107,395)</u>	<u>(290,137)</u>
Total non-current assets	<u>269,666</u>	<u>1,258,101</u>	<u>1,527,767</u>
Total assets	<u><u>267,822</u></u>	<u><u>1,258,101</u></u>	<u><u>1,525,923</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	1,832	-	1,832
Customer deposits	4,050	-	4,050
Long-term liabilities			
Bonds payable	<u>8,010</u>	<u>-</u>	<u>8,010</u>
Total current liabilities	<u>13,892</u>	<u>-</u>	<u>13,892</u>
Non-Current Liabilities			
Bonds payable	<u>33,712</u>	<u>-</u>	<u>33,712</u>
Total non-current liabilities	<u>33,712</u>	<u>-</u>	<u>33,712</u>
Total Liabilities	<u>47,604</u>	<u>-</u>	<u>47,604</u>
NET ASSETS			
Investment in capital assets, net of related debt	227,944	1,258,101	1,486,045
Restricted for:			
Customer deposits	4,050	-	4,050
Debt service	8,010	-	8,010
Unrestricted	<u>(19,786)</u>	<u>-</u>	<u>(19,786)</u>
Total net assets	<u><u>\$ 220,218</u></u>	<u><u>\$ 1,258,101</u></u>	<u><u>\$ 1,478,319</u></u>

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 52,075	\$ -	\$ 52,075
	<u>52,075</u>	<u>-</u>	<u>52,075</u>
OPERATING EXPENSES			
Salaries and benefits	15,986	-	15,986
Services and supplies	31,239	-	31,239
Depreciation	10,743	27,136	37,879
	<u>57,968</u>	<u>27,136</u>	<u>85,104</u>
Total Operating Expenses	<u>57,968</u>	<u>27,136</u>	<u>85,104</u>
Operating Income (Loss)	<u>(5,893)</u>	<u>(27,136)</u>	<u>(33,029)</u>
Income (Loss) Before Transfers	(5,893)	(27,136)	(33,029)
Tranfers In/Out	<u>(18,581)</u>	<u>362,806</u>	<u>344,225</u>
Change in Net Assets	(24,474)	335,670	311,196
Net Assets - beginning	<u>244,692</u>	<u>922,431</u>	<u>1,167,123</u>
Net Assets - ending	<u>\$ 220,218</u>	<u>\$ 1,258,101</u>	<u>\$ 1,478,319</u>

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Water Fund	Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 66,395	\$ -	\$ 66,395
Payments to suppliers/vendors	(31,239)	-	(31,239)
Payments to employees	(15,986)	-	(15,986)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>19,170</u>	<u>-</u>	<u>19,170</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	362,806	362,806
Transfers out	(18,581)	-	(18,581)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Non-capital Operating Activities	<u>(18,581)</u>	<u>362,806</u>	<u>344,225</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases and construction of capital assets	(651)	(362,806)	(363,457)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(651)</u>	<u>(362,806)</u>	<u>(363,457)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(62)	-	(62)
Beginning Balance	(1,782)	-	(1,782)
Ending Balance	<u>(1,844)</u>	<u>-</u>	<u>(1,844)</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(5,893)	(27,136)	(33,029)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By			
Accounts receivable	14,320	-	14,320
Operating Activities:			
Depreciation expense	10,743	27,136	37,879
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 19,170</u>	<u>\$ -</u>	<u>\$ 19,170</u>

See accompanying notes and independent auditors' report.

TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Noma (the “Town”) was incorporated in 1847 under the provisions of the State of Florida. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, street maintenance, water and sewer services, public improvements, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The accompanying financial statements present the activities of the Town.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the primary government (the Town). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investments earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund: This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT
PRESENTATION**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, if the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, excise taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

The Town considers cash and cash equivalents in proprietary funds to be cash on hand, certificates of deposit, and demand deposits.

Capital Assets and Depreciation

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Some of the Town's general infrastructure, namely roads and bridges, are not reflected in the accompanying financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	50
Office furniture & equipment	5-10
Park improvements	25-50
Water and sewage system	20-50

Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Town's service. In governmental and proprietary funds, the cost of vacation leave is recognized when earned.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE B – CAPITAL ASSETS

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Non-Depreciated Assets:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Depreciated Assets:				
Buildings	125,000	174,566	-	299,566
Park improvements	644,344	-	-	644,344
Office equipment	10,367	-	-	10,367
	<u>779,711</u>	<u>174,566</u>	<u>-</u>	<u>954,277</u>
Accumulated Depreciation				
Buildings	58,750	2,500	-	61,250
Park improvements	87,059	24,948	-	112,007
Office equipment	5,778	911	-	6,689
	<u>151,587</u>	<u>28,359</u>	<u>-</u>	<u>179,946</u>
Net Depreciated Assets	<u>628,124</u>	<u>146,207</u>	<u>-</u>	<u>774,331</u>
Total - Governmental Assets	<u>\$ 633,124</u>	<u>\$ 146,207</u>	<u>\$ -</u>	<u>\$ 779,331</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Business-Type Activities				
Non-Depreciated Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciated Assets:				
Water system	452,408	-	-	452,408
Sewer system	1,002,039	363,457	-	1,365,496
	<u>1,454,447</u>	<u>363,457</u>	<u>-</u>	<u>1,817,904</u>
Accumulated Depreciation				
Water system	172,000	10,743	-	182,743
Sewer system	80,259	27,136	-	107,395
	<u>252,259</u>	<u>37,879</u>	<u>-</u>	<u>290,138</u>
Net Depreciated Assets	<u>1,202,188</u>	<u>325,578</u>	<u>-</u>	<u>1,527,766</u>
Total - Business-Type Assets	<u>\$ 1,202,188</u>	<u>\$ 325,578</u>	<u>\$ -</u>	<u>\$ 1,527,766</u>

Depreciation expense was charged to functions as follows:

General government	\$ 28,359
Water and sewer fund	37,879

Depreciation expense charged to separately identifiable business-type activities is evident on the face of the fund financial statements, and therefore is not included here.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE C – USE OF ESTIMATES

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE D – BUDGETS AND BUDGETARY ACCOUNTING

Generally accepted accounting principles require the presentation of a budgetary comparison for the general and special revenue fund types and other governmental fund types if such budgets have been legally adopted. In the case of the accompanying general-purpose financial statements, the Town did not adopt a budget for the year ended September 30, 2012, and was not legally required to do so.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE E – LONG-TERM OBLIGATIONS

Changes in long-term obligations are as follows:

	<u>Balance Beginning Of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Govenmental Activities				
Bank of Jackson County; 6.5 % ; payable in 1 payment, due 12/09/12.	\$ -	\$ 82,990	\$ 58,476	\$ 24,514
Bank of Jackson County; 6. 5 % ; payable in 1 payment, due 12/09/12.	\$ -	\$ 25,088	\$ 25,088	-
Wachovia Bank; 5.0 % ; payable in 120 payments of \$492.	<u>29,268</u>	<u>-</u>	<u>4,517</u>	<u>24,751</u>
	<u>\$ 29,268</u>	<u>\$ 108,078</u>	<u>\$ 88,081</u>	<u>\$ 49,265</u>
Business-Type Activities				
System revenue bonds; 5.0 % ; Sr. A	13,462	-	-	13,462
System revenue bonds; 5.0 % ; Sr. B	<u>28,260</u>	<u>-</u>	<u>-</u>	<u>28,260</u>
	<u>\$ 41,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,722</u>

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE E – LONG-TERM OBLIGATIONS, (cont'd)

Maturities of long-term obligations are as follows:

FYE	Series A		Series B		Wachovia		Jackson County	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 4,500	\$ 1,804	\$ 3,510	\$ 5,187	\$ 4,862	\$ 1,042	\$ 24,514	\$ 1,593
2014	1,700	448	1,250	1,578	5,111	793		
2015	1,800	363	1,290	1,498	5,373	531		
2016	1,900	273	1,330	1,416	5,646	258		
2017	2,000	178	1,370	1,331	3,759	20		
2018	1,562	78	1,410	1,244				
2019			1,450	1,154				
2020			1,490	1,061				
2021			1,530	966				
2022			1,630	869				
2023			1,730	765				
2024			1,830	655				
2025			1,930	538				
2026			2,030	415				
2027			2,131	286				
2028			2,349	150				
	<u>\$ 13,462</u>	<u>\$ 3,144</u>	<u>\$ 28,260</u>	<u>\$ 19,113</u>	<u>\$ 24,751</u>	<u>\$ 2,644</u>	<u>\$ 24,514</u>	<u>\$ 1,593</u>

NOTE F – SUBSEQUENT EVENTS

In preparing these financial statements, the Town's management has evaluated events and transactions for potential recognition or disclosure through August 28, 2013, the date the financial statements were available to be issued.



**Ferguson, Sizemore
& Associates**

CERTIFIED PUBLIC ACCOUNTANTS

1467 Honeysuckle Road
Dothan, AL 36305
Phone: 334.792.1180
Fax: 334.794.3380
www.fsacpa.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Town Council
Town of Noma, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Noma, Florida, as of and for the year ended September 30, 2012, which collectively comprise the Noma, Florida's basic financial statements and have issued our report thereon dated August 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Noma, Florida, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Noma, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Noma, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Noma, Florida's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noma, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.



America Counts on CPAs®

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Noma, Florida, in a separate letter dated August 28, 2013.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Ferguson, Sizemore & Associates".

Ferguson, Sizemore, & Associates
Dothan, Alabama
August 28, 2013



**Ferguson, Sizemore
& Associates**

CERTIFIED PUBLIC ACCOUNTANTS

1467 Honeysuckle Road
Dothan, AL 36305
Phone: 334.792.1180
Fax: 334.794.3380
www.fsacpa.com

MANAGEMENT LETTER

August 28, 2013

To the Honorable Mayor and Council of
The Town of Noma, Florida

We have audited the financial statements of the Town of Noma, Florida, as of and for the year ended September 30, 2012, and have issued our report thereon dated August 28, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 28, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The Town's management has since developed a listing of refundable customer deposits.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Noma, Florida complied with Section 218.415, Florida Statutes.



- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we made no such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Noma, Florida was established by an incorporating charter under the Florida Statutes. The Town of Noma, Florida has no component units.
- Section 10.554(1)(i)7.a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Noma, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b, Rules of the Auditor General, requires that we determine whether the annual financial report for the Town of Noma, Florida for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

- Section 10.554(1)(i)7.c and 10.556(7), Rules of the Auditor General, requires that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the Town of Noma, Florida and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



Ferguson Sizemore & Associates
Dothan, Alabama
August 28, 2013